



CALIFORNIA STATE UNIVERSITY

Stanislaus

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| <u>Subject:</u> Petty Cash and Change Funds Procedure | <u>Department Name:</u> Business & Finance | <u>Effective Date:</u> 10/12/2016 <u>Issue Date:</u> 10/12/2016 |
| | ICSUAM Reference - 3102.10 3103.11 | <u>Approval:</u>  Darrell Haydon, VP B&F (CFO) |

A. Purpose

To provide procedures and guidance to maintain an adequate system of internal control to protect petty cash and change funds from loss in accordance with [ICSUAM Policy 3102.10](#) and [ICSUAM 3103.11](#).

B. Scope of Procedure

This procedure applies to all University and auxiliary organization locations which utilize petty cash or change funds.

C. Definitions

1. Petty Cash – A supply of cash necessary to make immediate payments for the purchase of authorized items under \$50.00. This fund requires replenishment.
2. Cash Funds – A specific amount of money placed in the custody of an individual for the purpose of making change while conducting University business. The amount on hand should remain the same at all times; therefore these Change Funds do not require replenishment.

D. Procedure

Petty cash is an imprest fund that is used to provide departments with ready cash for the payment of various small expenditures. An imprest fund is a fund established for a fixed amount that is replenished in the exact amount expended from it. Therefore, a petty cash fund can never contain more than the original amount that was used to establish it; e.g. a petty cash fund established for \$250 can never contain more than \$250.

Change fund is used by a cashier / satellite cashier to facilitate payment transactions. It is a fixed amount fund used only for making change as needed.

E. Responsibilities

1. University Controller

- a. Approve new petty cash and change funds and/or increases in those funds
- b. Ensure petty cash or change funds are reconciled to the general ledger at least quarterly
- c. Maintain a listing of all petty cash and change fund locations and custodians of those



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funds

- d. Review and retain all petty cash and change fund approvals, forms, and proof of training
- e. Perform independent counts of petty cash and change funds

2. Director of Cashiering and Cash Management

- a. Ensure and document that Custodian has received proper training

3. Dean/Senior Director/Associate Vice President

- a. Request new petty cash and change funds
- b. Assign Petty Cash and Change Fund Custodian
- c. Request increases in petty cash and change funds

4. Change Fund and/or Petty Cash Custodian

- a. Ensure petty cash or change funds are only accessible by appropriate personnel.
- b. Ensure petty cash or change funds are protected from loss and adequately safeguarded
- c. Replenish petty cash funds on a regular basis
- d. Close funds when no longer needed or when custodian is terminated or transferred
- e. In the event of theft, notify campus police immediately.

F. Procedures

1. Establishing a Change Fund or Petty Cash Fund

- a. Change funds may be approved on application to the University Controller by departments which routinely handle cash. Change funds may be established to provide cash in denominations and amounts necessary to permit the making of change in the day-to-day cash collecting operations of a department. A change fund is not to be used as a petty cash fund, for cashing personal checks, or for any other non-business purpose.
- b. Petty cash funds may be established on application to the University Controller by departments which need to utilize petty cash for small dollar University business related expenses when payment by cash is the most cost efficient method of payment.
- c. To request a change fund or a petty cash fund, complete the Request to establish or increase a petty cash or change fund (Form 3102.10-A)
- d. The custodian must sign the form accepting custodianship and personal responsibility for the petty cash or change fund.
- e. Obtain a signature from the department's dean or senior director and forward the form to the Director of Cashiering and Cash Management. The Director of Cashiering and Cash Management will review and forward the form to the University Controller for approval.
- f. Upon completion and approval of the form noted above, the Director of Cashiering and Cash Management will provide training to the custodian. Upon completion of training, the University or auxiliary organization will provide payment to the petty cash or change fund custodian.



2. **Petty Cash Guidelines**

- a. Petty cash purchases may not exceed \$50 per transaction exclusive of sales tax, with any one vendor in a day. Splitting transactions into multiple reimbursements is not allowed.
- b. When an expense is made, a receipt must be obtained which contains the following:
 - Date; name of vendor; amount paid.
 - Positive evidence that a payment was made, i.e., a cash register receipt or a hand written receipt on which the word "paid" appears.
 - Description of the supplies or services purchased.
 - Signature indicating receipt of the supplies or services
- c. Petty cash reimbursement should be replenished by using the Vendor Direct Pay Form. This form must be approved by an authorized signer and submitted to Accounts Payable along with all applicable original receipts. A payment will be issued to the petty cash custodian in the custodian's name; and the custodian shall replenish the petty cash fund.
- d. The petty cash fund may not be used to pay for the following:
 - Invoices from vendors
 - Payments for services to employees or independent contractors
 - Loans and advances

3. **Change Fund Guidelines**

- a. A change fund should be counted at the beginning of each day's activity verifying that the amount received or maintained is correct. The cash should also be counted at the end of each day's activity by another individual not performing cashiering functions, and be reconciled with daily receipts.

4. **CSU Safe Requirements**

- a. Any department having petty cash or change funds must adequately safeguard its cash by following the below safe requirements:
 - Up to \$1,000 in a lockable receptacle
 - From \$1,001 to \$2,500 in a safe
 - From \$2,501 to \$25,000 in a steel-door safe, with a door thickness of not less than 1 inch and wall thickness of not less than ½ inch.
 - From \$25,001 to \$250,000 in a class TL-15 composite safe or better.
 - Over \$250,000 in a class TL-30 steel or better safe.

5. **Changing the Amount of Petty Cash or Change Funds**

- a. To increase the amount of the petty cash or change funds, the department's dean or senior director shall complete the Request to Establish or Increase a Petty Cash or Change Fund Account (Form 3102.10-A). After signature by the department's dean or senior director and approval from the University Controller, a payment will be issued to the fund



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custodian for the approved increase. The custodian shall certify by signature agreeing to accept custodianship for the increased petty cash or change fund.

- b. To decrease the amount of the petty cash or change fund, the department head shall complete the Request for Decrease or Termination of Petty Cash or Change Fund Account (Form 3102.10-B).
 - To validate the return of funds to the cashier, the custodian must attach the receipt to the form.
 - Upon completion, the form shall be submitted to the University Controller.

6. Terminating a Petty Cash or Change Fund

- a. To close a petty cash or change fund, the Request for Decrease or Termination of Petty Cash or Change Fund Account (Form 3102.10-B) shall be completed and the funds shall be returned to the Main Cashiers Office.
 - To validate the return of funds to the cashier, the custodian must attach the receipt to the form.
 - Upon completion, the form shall be submitted to the University Controller.

7. Changing the Petty Cash or Change Fund Custodian

- a. To change a petty cash or change fund custodian, the Request for Decrease or Termination of Petty Cash or Change Fund Account (Form 3102.10-B) must be completed and the fund closed – see steps in F-6. Above.
- b. Request a new change fund or a petty cash fund by completing the Request to establish or increase a petty cash or change fund (Form 3102.10-A) – see steps in F-1 above.
 - Upon completion, the form shall be forwarded to the University Controller.

8. Accountability

- a. The fund custodian assigned by a department's dean or senior director is held accountable for the amount advanced.
- b. Petty cash and change funds must not be comingled with other funds for any reason.
- c. Financial Services shall perform unannounced cash counts on petty cash and change fund counts in the presence of the fund custodian, or a fund custodian representative, in accordance with the following audit schedule.

| Schedule of Independent, Unannounced Counts Size of Fund | Frequency of Count |
|---|---------------------------------------|
| \$200.00 or less | Annually (= every 12-month period] |
| \$200.01 to \$500 | Quarterly (= every 3-month period) |
| \$500.01 and over | Monthly |



- d. The Cash Count Reconciliation (Form 3102.10-D) shall be used by Financial Services to verify the independent cash counts. The completed form shall be signed by both the Financial Services auditor and the department custodian participating in the cash count and reviewed by the Controller.
- e. Large variances or continuous patterns of small variances in the actual cash count from the expected amount may be communicated to the department's dean or senior director and the University Controller.
- f. The University Controller shall maintain documentation of all cash count reconciliations.
- g. Petty cash receipts should be turned into the Accounts Payable unit within a reasonable time period for reimbursement.

9. Theft of Petty Cash or Change Fund

- a. In the event of theft, campus police should be notified immediately.
- b. A request for new funds should be submitted using the Request to Establish or Increase a Petty Cash or Cash Change Fund (Form 3102.10-A), which should include the following:
 - Date and time of theft
 - Amount of theft
 - Circumstances involved
 - Copy of police report
 - Prevention taken against similar occurrences

APPROVAL AND REVISION HISTORY

| Approved by | Title | Signature | Date Approved | Effective Date | Version | Description of changes |
|----------------|--------|-----------|---------------|----------------|---------|------------------------|
| Darrell Haydon | VP B&F | | 1/11/17 | Upon approval | v 1.0 | Initial Release |